

# SURS LIFETIME INCOME STRATEGY

## SUMMARY

### RETIREMENT PLANNING COMES WITH MANY QUESTIONS:

- Will I outlive my income—especially without the benefit of Social Security?
- What happens if the market performs poorly during my retirement years—or in the critical years leading up to retirement?
- Can I continue to grow my money even after I retire?

To help you answer these questions and achieve better retirement outcomes—while also taking advantage of retiree health benefits provided by the state—SURS offers the Lifetime Income Strategy (LIS) as the default investment option in the Retirement Savings Plan.

### WHAT IS THE SURS LIFETIME INCOME STRATEGY?

The SURS LIS is a professionally managed, flexible investment option designed to help you build retirement wealth during your working years—as well as an opportunity to generate guaranteed retirement income for life when you retire.

Think of it as a carefully designed, target-date portfolio that adjusts its investments over time to become more conservative with its investment risk as you age. And, as you approach retirement, you have the option to start regularly allocating a portion of your retirement savings to a secured income portfolio that will provide guaranteed lifetime income in retirement—and it all happens automatically.

Most target-date funds do a great job of building retirement savings. They offer diversification and professional investment management, but a difficult period in the financial markets could leave you with less savings than you want when you are ready to retire. For example, if you had planned on retiring during the year of the global financial crisis, your retirement savings may have taken a

loss—that's called market risk. And it's where the Lifetime Income Strategy's optional lifetime income feature via the Secure Income Portfolio can provide an advantage. That's because this feature guarantees your lifetime income even if your account balance declines because of market volatility.

### DEFAULT SETTINGS AND QUALIFICATIONS

You've been automatically enrolled in the LIS with a default retirement age of 65. You can adjust this age to any value between 50 and 70.\* Additionally, your Secure Income Level (SIL)—the amount of your LIS account you want to generate guaranteed lifetime income in retirement—has been set to 100%, but you have the flexibility to modify it to any percentage between 0% and 100%.

If you don't make any changes, 100% of your account balance will be set to generate guaranteed monthly income in retirement. Income won't begin to be secured until you're vested and within 15 years of your chosen retirement age (starting no earlier than age 45).

#### DEFAULT RETIREMENT AGE

65



#### DEFAULT SECURE INCOME LEVEL

100%



## Understanding the Cost

In the early years of your career, only investment management and administrative fees apply. Later, as your account begins moving money into the secure income portfolio, costs gradually increase to cover the insurance needed to guarantee your future income.

One can think of the role insurance companies play in the SURS LIS as similar to their role in other types of insurance. Just as homeowner's insurance protects against losses from events like fires and auto insurance covers damage from accidents, the guaranteed income portion of the SURS LIS is backed by multiple insurance companies. These insurers provide a guarantee that participants will receive lifetime income—offering financial protection and stability throughout retirement.

## What is the Secure Income Portfolio?

The Secure Income Portfolio is an insured investment portfolio designed to fund guaranteed lifetime income. It is invested in a passive, index-managed fund composed of 50% stocks and 50% bonds. In retirement, the monthly income generated by this portfolio is protected by multiple group insurance contracts, ensuring it will never run out—even if market downturns reduce the account's value or you outlive your savings. Additionally, if markets perform well and increase the value of the Secure Income Portfolio, the monthly income amount can rise—and once increased, it remains at that higher level for life.

One of the most attractive features of the SURS LIS is that it gives you the ability to maintain access to retiree healthcare benefits (if eligible) without giving up access to your entire account balance. In other words, you can convert a portion of your account balance at retirement to monthly lifetime income and qualify for retiree healthcare benefits. Both the money allocated to lifetime income (secured balance) and the non-secured account balance remain invested in the market. You have complete control over the non-secured portion of your account. For more information about the investments inside the SURS LIS, please refer to the SURS LIS fact sheets.

### WHAT MAKES THE SURS LIS UNIQUE?



**A place to save and grow your money, even after retirement**



**Guaranteed lifetime income that provides income protection against declines in the financial markets and against the possibility of outliving your money**



**An investment vehicle where you retain control of your money**



**The flexibility to customize your account to fit your individual retirement needs**

## Access to Your Account

Access the LIS website from the SURS website at [surs.org](https://surs.org). Log in and click on the Lifetime Income Strategy link in the left column of the home page.

### SURS Defined Contribution Contact Center

Call 800-613-9543 weekdays, excluding major holidays, 7 a.m.–7 p.m. Central Standard Time (CST) and ask to speak to a Lifetime Income Strategy Specialist.

## IMPORTANT NOTE:

In order to take advantage of the retiree healthcare benefits offered through the state upon retirement, at least 50% of the SURS Lifetime Income Strategy account balance must be converted to "secured income" in the Secure Income Portfolio.

\*Members retiring before age 60 will not have access to the secured portion of their account until age 60 but can begin taking systematic withdrawals from the non-secured portion of their LIS account prior to that age to retain retiree healthcare benefits.

Any Income Benefit provided through the SURS Lifetime Income Strategy is backed by participating insurance companies and is contingent upon meeting all contract provisions. Each insurer guarantees only the portion of the Income Benefit allocated to it. The security of the Income Benefit depends on the financial strength and claims-paying ability of these insurance companies.

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